

EXHIBIT S



Financial Oversight and Management Board for Puerto Rico

MEDIA RELEASE

Oversight Board Calls for Urgent Action to Collect \$340 Million due from Municipalities and Public Corporations in PayGo and Individual Employee Payroll Withholdings

San Juan, PR – April 30, 2019 – The Financial Oversight and Management Board for Puerto Rico today said the government must take immediate action to secure reimbursement from several municipalities and public entities that have failed to pay their share of PayGo pensions for their retirees or failed to deposit payroll withholdings to their employees' defined contribution retirement accounts.

The latest "PayGo and Individual Contribution Debt by Entity" report by the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF) shows that 28 public corporations and 66 municipalities accrued \$340 million in debt since implementation of the PayGo system in 2017.

"The people of Puerto Rico need confidence in their pensions. It is unacceptable to withhold retirement contributions from an employee and not immediately transfer that money into the individual retirement account where it belongs," said the Oversight Board's Executive Director Natalie Jaresko. "This is the type of mismanagement that led to disastrous underfunding of pension systems and is illegal under Puerto Rico's Act 106-2017."

The report shows that 20 municipalities and seven public corporations are not remitting individual employee payroll withholdings for that employee's defined contribution retirement account. These are deductions taken from employee paychecks and must be remitted to a segregated defined contribution account on that employee's behalf.

"PayGo pensions must be paid at all times. That is the law," Jaresko said. "However, the Commonwealth government must be fiscally responsible and collect the PayGo due on a timely basis from all entities who have this fiscal duty."

Among the entities that have failed to pay their PayGo obligations and, as a result, accrued the largest debts due to the central government, are the municipalities of San Juan, Ponce, Carolina, and Toa Baja as well as the public corporations PRASA, the Ports Authority, and the State Insurance Fund. The Municipal Bus Authority, the Highways and Transportation Authority, Ponce and Arecibo have the most significant unremitted balances of employee withholding to the defined contribution system.

The full outstanding PayGo debt will have to be collected or offset prior to the end of the current fiscal year. If the government fails to collect the PayGo fees, payments to these entities or spending elsewhere in the certified budget will need to be adjusted so the Commonwealth does not overspend and fiscal responsibility is maintained.

“The certified budget allows for offsetting amounts owed by entities who have not paid their portion of PayGo and the Oversight Board urges the government to use all means available to ensure full collection of these debts,” Jaresko said.

The Oversight Board gave the Retirement Board until May 10 to confirm that all individual employee payroll withholding debts will be settled within 10 days, and to submit a list of unrestricted bank account balances for each delinquent entity. The Oversight Board also gave the Retirement Board until May 31 to submit a detailed plan for each delinquent municipality and public corporation outlining how the overdue payments will be collected and what policies will be implemented to prevent this from happening in the future.

About the Oversight Board

The Financial Oversight and Management Board for Puerto Rico was created under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) of 2016. The purpose of the Oversight Board is to provide a method for Puerto Rico to achieve fiscal responsibility and access to the capital markets.

Website: www.oversightboard.pr.gov

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Contact (Puerto Rico): Forculus Strategic Communications

José Luis Cedeño

787-400-9245

jcedeno@forculuspr.com

info@forculuspr.com

Contact (Mainland): APCO Worldwide

Kevin Kearney

202-446-1240

kkearney@apcoworldwide.com